

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**Digital Art Services, Inc., on its own behalf
and on behalf of a class of similarly situated
persons and entities,**

Plaintiff,

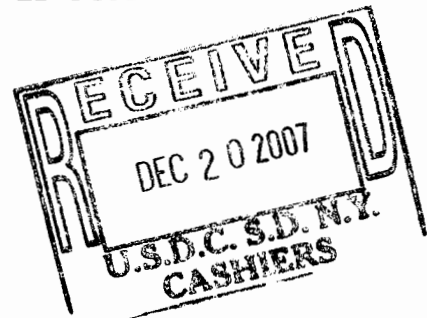
- against -

**VERIZON COMMUNICATIONS INC., a
Delaware Corporation, GTE NET LLC, d/b/a
VERIZON ONLINE LLC, a Delaware
Limited Liability Company, and VIAMEDIA
INC., a New York Corporation,**

Defendants.

Index No.: 07-cv-8592-LAP

AMENDED COMPLAINT



Plaintiff Digital Art Services, Inc., on its own behalf and on behalf of a class of similarly situated persons, by and through its undersigned counsel, as and for its Amended Complaint in this action, avers as follows:

Nature of the Action

1. This action arises from Defendant Verizon's fraudulent overstatement of the number of subscribers to its fiber-optic cable service (known as "FiOS"), which Verizon used to set inflated prices for advertising sold to the Plaintiff and the Plaintiff Class. Verizon's internal documents show, and Verizon has now admitted, that Verizon has a policy of inflating the number of its reported FiOS subscribers by including prospective customers – who were *not* actual subscribers, and may never have become actual subscribers – in reports of actual FiOS subscribers. Verizon's documents show that its fraudulent overstatements increased sharply during 2007, such that by July 2007 a full 33% of reported FiOS subscribers in the New York region were not actual subscribers.

2. When confronted by Plaintiff with Verizon's own documents – which Plaintiff discovered by accident while meeting with Verizon's agent, Defendant Viamedia, to complain about the poor response to its FiOS advertising – Defendants admitted their practice of including what they refer to as “pending” customers in their subscriber reports, but claimed that it was reasonable to do so because the pending customers are converted to active subscribers within a standard of two weeks. Verizon's documents flatly contradict that assertion, however, because the number of “pending” subscribers in a given month is far greater than the number of customers added in the following month – and the reality is that many prospective subscribers have waited up to ten months for their service to become active.

3. More recently, in response to Plaintiff's complaints, Viamedia sales managers have taken to explaining the difference between actual and pending subscribers, yet they have continued to use Verizon's inflated and false subscriber reports when they do so. An example of this continuing fraud is reflected in a recently-recorded telephone conversation, a true and correct transcript of which is attached hereto as Exhibit 1.

4. Plaintiff therefore seeks damages based on the amount of Verizon's fraudulently-inflated customer numbers, and other relief, as set forth below.

Parties

5. Plaintiff Digital Art Services, Inc. (“Digital”) is a New York corporation, with its principal place of business at 3500 Sunrise Highway, Great River New York 11739.

6. Defendant Verizon Communications, Inc. (referred to herein as “Verizon Communications”) is a Delaware corporation, with its principal place of business in New York City. Verizon Communications owns and operates Defendant Verizon Online.

7. Defendant GTE Net LLC, d/b/a Verizon Online (referred to herein as “Verizon Online” and, together with Verizon Communications and it's agent Viamedia, as “Verizon”) is a Delaware limited liability company licensed to do business in New York State, and a wholly-

owned subsidiary of Verizon Communications. On information and belief, the actions of Verizon Online with regard to reporting its subscriber numbers were directed and controlled at all relevant times by Verizon Communications.

8. Defendant Viamedia is, on information and belief, a New York corporation with its principal place of business located at 220 Lexington Green Circle, Suite 300, Lexington, Kentucky 40503. Since 2005 Viamedia has served as the sales agent for Verizon Online's FiOS service. In its capacity as agent, Viamedia was aware of Verizon's policy of including "pending" and actual subscribers in its reports of "total" subscribers, and knowingly participated in the fraud alleged herein by disseminating Verizon's fraudulently overstated subscriber reports to Plaintiff and the Plaintiff Class.

Jurisdiction and Venue

9. This action is being filed in federal court pursuant to Section 4(a) of the Class Action Fairness Act of 2005, codified at 28 U.S.C. § 1332(d)(2). This is a class action with over 100 proposed class members located in several states (California, Connecticut, Florida, Maryland/D.C., Massachusetts, New Jersey, New York, Texas, Pennsylvania, and Virginia). The amount in controversy, exclusive of costs, exceeds five million dollars (\$5,000,000).

10. This Court has jurisdiction over Verizon Communications because Verizon Communications' principal place of business is in New York City.

11. This Court has jurisdiction over Verizon Online because Verizon Online is licensed to do business in New York State.

12. This Court has jurisdiction over Viamedia because Viamedia regularly conducts business in New York State, including engaging in transactions relating to the subject matter of this action.

13. Venue in this district is proper because Verizon Communications' principal place of business is in New York City and, on information and belief, Verizon Online's principal place

of business is in New York City, and Verizon Online and Viamedia are subject to personal jurisdiction in this district.

Facts Common to All Claims

14. Since about 2005, Verizon has been rolling out its fiber-optic cable television, telephone and internet access service, called “FiOS”, in markets located in nine states and the District of Columbia: Baltimore/Washington D.C., Boston, Philadelphia, Los Angeles, New York/New Jersey, Tampa, Dallas/Fort Worth, Richmond, and Norfolk. Verizon has publicly stated that the FiOS service is an important strategic initiative for the company. Earlier this year, for example, Verizon organized and heavily publicized the enrollment of its purported 500,000th FiOS subscriber.

15. Until Plaintiff’s recent discovery of Verizon’s internal documents, however, Plaintiff and the Plaintiff Class were not aware of any such fraudulent overstatement of Verizon FiOS subscribers, and believed that Verizon’s published subscriber data was a true and accurate report of actual FiOS subscribers as of the dates set forth on the reports. In fact, those reported numbers were false and inflated, since they included prospective subscribers who might not become actual subscribers until weeks or months later.

16. Specifically, in 2005, Plaintiff purchased \$916,000 of advertising on the Verizon FiOS service. Verizon intended and understood that Plaintiff would use Verizon’s subscriber reports to sell specific portions of the advertising time that Plaintiff had purchased to various advertisers in the New York Metropolitan region, and Verizon agreed to give Plaintiff updated reports regarding the number of its subscribers during the term of the contract.

17. Thereafter, and continuing up through August 2007, Plaintiff received monthly and quarterly reports from Verizon setting forth the number of purported FiOS subscribers. Plaintiff relied on those reports, and passed on those reports to various other advertisers to whom Plaintiff was selling advertising on the FiOS service.

18. At no time until late August 2007 did Defendants disclose to Plaintiff that Verizon was following a policy of including “pending” subscribers – who did not yet have the service – in its reports of actual FiOS subscribers. Tellingly, after Plaintiff confronted Defendants with Verizon’s internal reports, which distinguished between “active” FiOS subscribers and “pending” subscribers, Verizon has not furnished Plaintiff with a September 2007 report of its FiOS subscribers, and Viamedia’s sales representatives have begun to purport to distinguish between “actual” and “pending” subscribers in their conversations with prospective advertisers – while still using the fraudulently inflated subscriber numbers from Verizon’s old reports.

19. Verizon also never disclosed to Plaintiff that the percentage of its reported subscribers who were “pending” customers was actually *increasing* during 2007. These figures are detailed on Exhibit 2 attached hereto, which shows the following data for the New York region:

	AREA	ACTIVE	PENDING	TOTAL
Q2 FINAL	NY DMA	77,869	38,059	115,955
JUNE	NY DMA	69,355	30,987	100,322
MAY	NY DMA	65,607	20,302	85,909
APRIL	NY DMA	61,677	17,161	78,838

20. Thus the percentage of Verizon FiOS’s total reported subscribers who were actually “pending” subscribers increased from 22% at the beginning of April 2007 to 33% by the end of June 2007. Moreover, the rate of increase of “pending” subscribers far outstrips the increase in “active” subscribers: “active” subscribers increased by 16,192, or 26%, but “pending” subscribers increased by 20,898, or 122%.

21. The sharply-rising number of “pending” customers amplified the damage caused by Verizon’s fraud because it inflated the reported rate of growth of the subscriber base.

Defendants have marketed the Verizon FiOS service to Plaintiff as a new service that Verizon was aggressively rolling out, with the plan and intention of sharply increasing the number of subscribers each month. The rates paid by Plaintiff and members of the Plaintiff Class were based on Verizon's representations regarding its rapid growth. By including ever-increasing numbers of "pending" subscribers, Verizon has sharply overstated the rate of growth of its subscriber base, inducing Plaintiff and the Plaintiff Class to pay much more than they would have paid otherwise (if they chose to advertise on the service at all), because the number of actual subscribers at any point in the future will be much less than Plaintiff and the Plaintiff Class were led to believe. Examples of Verizon's projections which include overstated rate of growth of the FiOS subscriber base are attached hereto as Exhibit 3.

22. Plaintiff and the Plaintiff Class relied on Verizon's reported number of subscribers as a report of *active* subscribers in agreeing to enter into its contracts with Verizon, and in determining the price they would pay for that advertising. Plaintiffs' reliance was reasonable – indeed, it was absolutely standard in the advertising industry, which relies heavily on reported subscriber numbers to price advertising. Had Defendants honestly disclosed Verizon's actual FiOS subscriber numbers, as well as the sharp rate of increase in "pending" customers, Plaintiffs would not have purchased FiOS advertising, or would not have paid the rates they paid for FiOS advertising.

23. As an example of the Plaintiff Class' reliance on Verizon's subscriber reports, Attached hereto as Exhibit 4 is a pricing sheet for advertising time from Verizon's authorized agent, Viamedia, which shows that the pricing for advertising time was a function of the number of subscribers. Verizon's fraud in overstating the number of subscribers indisputably meant that purchasers of advertising time were paying for FiOS subscribers who did not exist.

24. Verizon's fraud was not discovered until recently, when Plaintiff met with Viamedia executives to complain about poor customer response to the advertising he had

purchased. During that meeting Plaintiff's principal saw an internal Verizon report that separated out its reported subscribers into "active" and "pending" customers; Plaintiff's principal pointed out the document and demanded an explanation. Plaintiff was then told by Viamedia, Verizon's agent, that the difference was not material because by the time an advertisement ran, pending subscribers would be converted to actual service – since it usually took two weeks to convert pending customers to actual customers, and never more than a month.

25. Verizon's "conversion rate" excuse has since been repeated by other representatives of Defendants in several meetings and phone conversations over the past few weeks, responding to Plaintiff's concerns. For example, in the telephone conversation recorded and attached hereto as Exhibit 1, the Viamedia representative insists that Verizon is always able to convert pending subscribers to active subscribers within a month, when the reality is that many subscribers have waited several months – some up to ten months – for their service to be activated.

26. Defendants also acknowledged, in conversations preceding the recorded conversation, that Verizon has a policy and practice of including "pending" FiOS subscribers in its public subscriber sales reports, and defended that practice on the grounds that the "pending" subscribers are all converted to actual subscribers within two weeks.

27. Verizon's own documents show that Defendants' explanations for Verizon's reporting practices are false. The disparity between the number of "pending" customers in a given month and the number of "actual" subscribers shows that most of the pending customers never become actual subscribers – or, alternately, that they take months to actually receive the service (during which time many class members' ads will have already run). For example, Verizon's internal report shows that the number of actual and pending subscribers in April 2007 was higher than the number of actual subscribers as of the end of June 2007, *three months later*. See Exhibit 2 hereto.

28. Until Plaintiff's inadvertent discovery, Defendants concealed and failed to disclose to Plaintiff and the Plaintiff Class that Verizon had a company-wide policy of inflating its Verizon FiOS subscriber figures to include "pending" subscribers.

29. If Defendants had not knowingly and materially overstated and concealed their actual FiOS subscriber figures, Plaintiff and the class members would have paid lower advertising rates and lower amounts for the advertising time on the Verizon FiOS service, or would not have advertised on FiOS, and would have entered into other advertising contracts that would have earned them greater sales revenue than they achieved from Verizon FiOS.

Class Allegations

30. Plaintiff brings this action on behalf of itself and the class of similarly situated persons who purchased advertising time on the Verizon FiOS service since its inception in 2005.

31. Excluded from the Plaintiff Class are employees, officers, directors, and sales representatives of the Defendant's and Plaintiff's counsel.

32. Plaintiff believes that the Class includes at least several hundred advertisers. The members of the class are so numerous that joinder of all members is impracticable.

33. Common questions of law and fact exist as to all members of the Plaintiff Class and predominate over questions affecting individual members of the class. Common questions include:

(a) Whether Verizon inflated its FiOS subscriber data by including "pending" customers as well as actual customers in its reports.

(b) Whether Verizon intended that purchasers of advertising on its service would rely on Verizon's reported subscriber data in agreeing to purchase advertising on the service, and in pricing those purchases.

(c) Whether Viamedia knowingly participated in Verizon Communication's and Verizon Online's fraud by pricing advertising sales on the basis of subscriber reports

that Viamedia knew to be false and fraudulent, because they included “pending” subscribers, and perpetuated the fraud by continuing to repeat Verizon’s fraudulently overstated subscriber numbers as “actual” subscribers, up to the present date.

(d) Whether Verizon’s acts and omissions with respect to Plaintiff and the Class Members constitute a cause of action for common-law fraud.

(e) Whether Verizon’s acts and omissions with respect to Plaintiff and the Class Members constitute a cause of action for common-law unjust enrichment.

(f) Whether the Plaintiff and the Plaintiff’s Class incurred damages as a result of Verizon’s fraud, and if so, the amount of damages to be recovered by the class.

34. Plaintiff will fairly and adequately protect the interests of the Class Members. Plaintiff has retained counsel competent and experienced in class action litigation, and Plaintiff has no interests antagonistic to those of the Class Members.

35. A class action is an appropriate method for fairly and efficiently adjudicating this controversy because, among other things, joinder of all members of the class is impracticable, and many if not most members of the class cannot vindicate their rights by individual suits because their damages are small relative to the burden and expense of litigating individual actions against Defendants.

Count I

Fraud

36. Plaintiff incorporates the allegations in the foregoing paragraphs 1-35 as if specifically set forth herein.

37. From the inception of its FiOS service, Defendants falsely represented one of the critical attributes of the Verizon FiOS service – the number of actual FiOS subscribers at any given time – to Plaintiff and the Plaintiff’s Class.

38. Defendants knew at the time they made their representations to members of the Plaintiff's Class regarding the number of FiOS subscribers that those representations were false and inflated, including "pending" subscribers who might not become actual subscribers for months, if ever.

39. Defendants knew that Plaintiff and the Class Members would believe and rely upon the false FiOS subscription data in deciding to purchase Verizon FiOS advertising, and in deciding what to pay for that advertising. Plaintiff and the Plaintiff's Class did so rely, and their reliance was not only reasonable under the circumstances, it was in accord with longstanding custom and practice in the industry.

40. But for Defendants' fraudulent overstatement of FiOS subscriber numbers, Plaintiff and the Plaintiff's Class would not have purchased advertising on the Verizon FiOS service, or would have entered into different contracts, at materially lower prices, reflecting the lower subscriber numbers and lower rate of growth relative to the service.

41. Defendants' actions thus proximately caused damages to Plaintiff and the Class Members. Plaintiff and the Class therefore seek actual and compensatory damages, in an amount to be determined at trial, and such exemplary and punitive damages as may be allowed by the state law applicable to their fraud claims.

Count II

Unjust Enrichment

42. Plaintiff incorporates the allegations in paragraphs 1-35 and 36-41 as if specifically set forth herein.

43. Defendants have been unjustly enriched by the sums they illicitly recouped from Plaintiff and the Plaintiff's Class through their wrongful conduct as alleged herein, which arose

from substantially uniform contracts implied in fact between the parties, which based the value of Verizon FiOS advertising on the number of actual subscribers to the service.

44. Plaintiff and the Plaintiff's Class engaged in substantially similar conduct with the Defendants, whereby they remitted monies to Verizon, directly or indirectly through its authorized agents, for Verizon's benefit, in exchange for the right to place advertisements on the Verizon FiOS service as alleged herein.

45. The amount of money paid by Plaintiff and the Plaintiff's Class Members, and received by Defendants, for advertising time during the class period exceeds the amount to which Defendants were entitled, in that Verizon's advertising rates were based (at least in part) on the overstated FiOS subscription data, as alleged herein.

46. As a result, Defendants have unjustly retained the amount of monies that Plaintiff and the Class Members overpaid due to Verizon's overstatement of the FiOS subscriptions, to Plaintiff and the Class Members' detriment; and Defendants' retention of such benefits violates the principles of justice, equity, and good conscience.

WHEREFORE, Plaintiff respectfully requests this Court enter judgment against Defendants as follows:

(a) certifying the Class as defined above and appointing Plaintiff as the representative class Plaintiff and appointing Plaintiff's attorneys as Class Counsel;

(b) finding that Defendants Verizon Communications, Inc., GTE Net LLC, d/b/a Verizon Online, and Viamedia Inc., and each of them, have committed fraud against Plaintiff and the Plaintiff's Class, with damages as determined at trial;

(c) finding that Defendants Verizon Communications, Inc., GTE Net LLC, d/b/a Verizon Online, and Viamedia Inc., and each of them, have been unjustly enriched, in an amount to be determined at trial;

- (d) awarding Plaintiff and the Plaintiff Class interest and exemplary or punitive damages as appropriate and permitted under the state law applicable to their individual advertising contracts, together with reasonable attorneys' fees and costs; and
- (e) such other and further relief that the Court deems just and proper.

New York, New York
December 19, 2007

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**PROSPECTIVE ADVERTISER
&
VIAMEDIA REP.**

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TELEPHONE CONVERSATION

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22 Transcription Service: Esquire Deposition Services

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October 2, 2006

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1 VIAMEDIA REP.: Hey, how are you doing?

2 PROSPECTIVE ADVERTISER: Fantastically, and yourself?

3 VIAMEDIA REP.: Pretty good. Pretty good.

4 PROSPECTIVE ADVERTISER: Good.

5 VIAMEDIA REP.: So, I apologize for the

6 (unintelligible) phone messages. You were kind of thrown
7 all over the country here.

8 PROSPECTIVE ADVERTISER: Yeah, I was, you know -- I
9 had some people telling me that they couldn't even help me
10 but once I got to the right person, I guess I -- it was
11 great, that they referred me to you guys or you guys
12 called me back within 24 hours. So --

13 VIAMEDIA REP.: Okay. Great. Great.

14 PROSPECTIVE ADVERTISER: So it's a question of just
15 getting to the right people within Verizon but --

16 VIAMEDIA REP.: Well, yes, I mean because we are --
17 what we are is we are the company -- our company's name is
18 Viamedia and we are contracted out by Verizon FiOS TV to
19 help them help their customers advertise on their system.

20 PROSPECTIVE ADVERTISER: Okay.

21 VIAMEDIA REP.: So basically we sell the commercial
22 air time for them.

23 PROSPECTIVE ADVERTISER: Okay.

24 VIAMEDIA REP.: Yes.

October 2, 2006

3

1 PROSPECTIVE ADVERTISER: Okay.

2 VIAMEDIA REP.: And that's what we do for them. And
3 when you had gotten -- one of the reasons why I asked 443,
4 where is that?

5 PROSPECTIVE ADVERTISER: That was from Maryland, when
6 I was living in Maryland but I moved back up here up to
7 New York. I just kept the same number.

8 VIAMEDIA REP.: Okay. The reason why that you were
9 sent to Maryland is because of the 443 number. They
10 thought you were living in Maryland and it was --

11 PROSPECTIVE ADVERTISER: I had a feeling it had
12 something to do with being routed to that office but once
13 -- even when I got there, you know, they couldn't tell me.
14 But bottom line, I'm glad to (unintelligible) to you.

15 VIAMEDIA REP.: Yes, definitely. Let me give you my
16 name and number, although you have obviously my name. And
17 my name is [name of Viamedia Rep.]. I'm the local sales
18 manager and one of the national sales managers here for
19 the New York region.

20 PROSPECTIVE ADVERTISER: Uh-huh.

21 VIAMEDIA REP.: The New York region which includes
22 New York, New Jersey and Long Island. The account rep.
23 who I will probably have you working with depending upon
24 what it is that you need will be [name of account rep.],

October 2, 2006

4

1 but I will be your interface for now until we find out
2 exactly what it is you need.

3 PROSPECTIVE ADVERTISER: Yes, okay.

4 VIAMEDIA REP.: Now --

5 PROSPECTIVE ADVERTISER: Well, right now, I'm calling
6 just to get some information. I've got some decisions to
7 make, you know, This is not a foregone conclusion in a lot
8 of -- I've got a lot of moving parts here, you know?

9 VIAMEDIA REP.: Tell me.

10 PROSPECTIVE ADVERTISER: I'm talking about getting
11 funding from friends, you know, and that's always a little
12 sketchy.

13 VIAMEDIA REP.: I got it.

14 PROSPECTIVE ADVERTISER: And, you know, but I had
15 somebody who -- you know, he's like in video productions,
16 so he could get me a TV spot, he assures me of like within
17 a week or two.

18 VIAMEDIA REP.: Right.

19 PROSPECTIVE ADVERTISER: But, you know, I mean I don't
20 have a lot of experience with this sort of thing, so --

21 VIAMEDIA REP.: That's fun.

22 PROSPECTIVE ADVERTISER: But, I mean, his idea was,
23 you know, you guys are starting up. You might have some
24 attractive rates but I don't know what --

October 2, 2006

5

1 VIAMEDIA REP.: We definitely will have attractive
2 rates.

3 PROSPECTIVE ADVERTISER: Great.

4 VIAMEDIA REP.: Anyway, we have 15 different networks
5 throughout --

6 PROSPECTIVE ADVERTISER: Uh-huh.

7 VIAMEDIA REP.: First of all and foremost, where is
8 your (unintelligible). Let me just tell you straight off
9 the bat that for a 30 second commercial you're looking for
10 anything between \$25 and \$50 for one 30 second commercial.

11 And depending upon how long and what type of brand names
12 you're putting together, we could maybe even go a little
13 bit lower than that.

14 PROSPECTIVE ADVERTISER: Oh, from what I guess -- yes,
15 if I buy more spots, you will give me a better per spot
16 price.

17 VIAMEDIA REP.: Yes, because further down the road,
18 we have more inventory.

19 PROSPECTIVE ADVERTISER: Okay.

20 VIAMEDIA REP.: So for instance, if you wanted to
21 advertise next week, it would cost you probably \$50 per 30
22 second spot, depending upon what network you want to be on
23 but if run it through next week and next year, which I
24 would advise, not in order to make more money but in order

October 2, 2006

6

1 because our subscriber level is going to be going up, and
2 the cost of advertising next week is going to be a lot
3 less than the cost of advertising for next year when we
4 increase our subscriber base by 100 percent, 200 percent,
5 300 percent. So right now --

6 PROSPECTIVE ADVERTISER: So if I commit now to buying
7 time for next year, I -- I lock in at a low price and then
8 if you get more subscribers --

9 VIAMEDIA REP.: It will shoot up.

10 PROSPECTIVE ADVERTISER: -- I get --

11 VIAMEDIA REP.: You get more value. And not only
12 that, but we can put a two week information policy for you
13 in there. That way, if God forbid something happens and
14 you have to change your business or something happened and
15 you don't want to do your business anymore or something
16 happened to your business, God forbid, or you, You know,
17 we're not going to expect you to pay for the whole year.

18 PROSPECTIVE ADVERTISER: Okay.

19 VIAMEDIA REP.: Two week cancellation policy on
20 anything written and you're off within two weeks.

21 (unintelligible). We have 50 different networks and I can
22 send you over the information, e-mail it to you or put
23 some more information in terms of the networks.

24 PROSPECTIVE ADVERTISER: Uh-huh.

October 2, 2006

7

1 VIAMEDIA REP.: What we need to talk about are
2 several different things.

3 PROSPECTIVE ADVERTISER: Uh-huh.

4 VIAMEDIA REP.: The first being the location of your
5 business and who it is and where it is you're going to be
6 drawing our consumer base from.

7 PROSPECTIVE ADVERTISER: Yes. Well I am in Queens and
8 I expect that we'll have some business in Queens, New York
9 City area but also out on Long Island. You know, it's
10 convenient to get to the highways and probably, like North
11 Jersey.

12 VIAMEDIA REP.: Okay. That's perfect.

13 PROSPECTIVE ADVERTISER: Okay.

14 VIAMEDIA REP.: That's perfect because we have a
15 subscriber base of about -- right now there's a current
16 subscriber base of about 55,724 in New Jersey, northern
17 New Jersey. And there's 65,711 in Queens, New York.

18 PROSPECTIVE ADVERTISER: Okay. Is that like --

19 VIAMEDIA REP.: That's -- go ahead, you were starting
20 to --

21 PROSPECTIVE ADVERTISER: But what exactly does that
22 represent?

23 VIAMEDIA REP.: That represents the number of
24 households that are either active or going to be receiving

October 2, 2006

8

1 Verizon FiOS. There are 50,000 -- or about 51,000 in New
2 Jersey that are currently active subscriber households.
3 When I say subscriber, I mean one household which is on
4 average 2.3 individuals.

5 PROSPECTIVE ADVERTISER: Right. Okay.

6 VIAMEDIA REP.: A subscriber is a household that is
7 getting -- receiving their video, their fiber optic cable
8 from Verizon FiOS. So there's 50,994 in New Jersey
9 currently and there is really as of June 30. So I am sure
10 the number have gone up.

11 PROSPECTIVE ADVERTISER: Okay.

12 VIAMEDIA REP.: And 14,000 pending, meaning pending
13 are people who are signed up and we are getting to their
14 houses and installing.

15 PROSPECTIVE ADVERTISER: Okay.

16 VIAMEDIA REP.: And the --

17 PROSPECTIVE ADVERTISER: And what's like the -- how
18 long does that take? I mean --

19 VIAMEDIA REP.: It should -- Verizon -- typically
20 they pride themselves on having a two week turnaround.
21 Because of the interest and because of the technology and
22 the fact that we run the fiber optic from the street into
23 the home and then wire the entire home, it -- excuse me --
24 depending upon when You signed up, we're finding that it's

October 2, 2006

9

1 anywhere between two and three to four weeks some times so
2 that turnaround time is not as quick. Plus, we -- Verizon
3 FiOS is trying to hire the best techs possible and with
4 so many pending, you want to make sure that You have good
5 quality people going into people's homes and wiring them
6 sufficiently, effectively and efficiently.

7 PROSPECTIVE ADVERTISER: Okay.

8 VIAMEDIA REP.: So you're looking at anywhere
9 between, You know, two weeks minimum and a month maximum.
10 Don't quote me on those numbers but, You know, like if
11 You were to call Verizon FiOS today, I have no idea what
12 they would tell you. They would tell you probably two
13 weeks minimum, one month maximum. But they've told us as
14 a company, there is a two week turnaround time to go from
15 active to pending.

16 PROSPECTIVE ADVERTISER: Sure.

17 VIAMEDIA REP.: Because obviously, you know --

18 PROSPECTIVE ADVERTISER: If I have to figure what this
19 is going to cost me, I have to figure like what I can take
20 to the bank now.

21 VIAMEDIA REP.: Absolutely.

22 PROSPECTIVE ADVERTISER: I mean, I can't assume you're
23 going to keep up, You know --

24 VIAMEDIA REP.: Well, I could tell you that we would

October 2, 2006

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1 guarantee You the numbers based on -- the projected
2 numbers that we're giving you are projected numbers that
3 Verizon FiOS is giving their shareholders.

4 PROSPECTIVE ADVERTISER: Uh-huh.

5 VIAMEDIA REP.: Which means that they're giving those
6 numbers to Wall Street, which means that they are --

7 PROSPECTIVE ADVERTISER: Okay. Wall Street's
8 interest, and, You know, like that -- what they care about
9 there is how much they're getting paid. I don't care how
10 much Verizon is getting paid for their households, I want
11 the eyeballs.

12 VIAMEDIA REP.: Absolutely. And that's what we're --
13 one of the reasons why I say that they're giving them to
14 Wall Street is because if they say that they're going to
15 move up the number of subscribers, if they misrep.resent
16 the number of subscribers that they are projecting to Wall
17 Street, then that might misrep.resent the stock price
18 which might cause the top executives to go to prison.
19 That's one of the reasons why we have -- we are very,
20 very, cautious about the number -- the projected number
21 that we send out.

22 PROSPECTIVE ADVERTISER: Uh-huh.

23 VIAMEDIA REP.: We have over projected and I could
24 send you information on this, literally by about 150

October 2, 2006

11

1 percent a month. Like for instance, as of the first
2 quarter -- because we project by quarter, the third
3 quarter projection, okay, for New York, meaning we
4 consider New York, New Jersey to be one system. They've
5 got one system together. Now you could buy them
6 separately and we could give you costs for them
7 separately. But if You take New York -- and this is how I
8 have the numbers, take New York, Long Island and
9 Westchester, they were projected the second quarter to be
10 60,400 and we were over 85,000 actual. And then in the
11 third quarter, we projected to be 114,000 and we were at
12 115,000 and in fourth quarter, by December '07, we are
13 projected to get 177,703 total number of Verizon FiOS
14 subscriber households. And we're currently at what, 65 or
15 66 and 66 -- so that's what, 66 plus 66 is, you know, 132
16 currently.

17 So you know, the record projected amount is about 245
18 to 250 per meaning 250,000 subscribers by December '08 in
19 New Jersey and 250,000 subscribers. Now that's just a
20 number that we have been -- that's being thrown around a
21 little bit. We haven't gotten the official projected
22 numbers yet. So that's not official.

23 PROSPECTIVE ADVERTISER: So that's what -- that's for
24 the end of next year, for like more than a year from now.

October 2, 2006

12

1 VIAMEDIA REP.: Exactly.

2 PROSPECTIVE ADVERTISER: That's the end of next year.

3 VIAMEDIA REP.: That's through the end of next year
4 but you could see what the growth pattern is. And I would
5 not expect you and I do not expect you to buy your
6 advertising or I would not expect you and I would not
7 advise You in any way, shape or form, you shouldn't be
8 buying based on what it -- where we're going to be going
9 but you also have to look at where we are.

10 PROSPECTIVE ADVERTISER: (unintelligible)

11 VIAMEDIA REP.: So, (unintelligible).

12 PROSPECTIVE ADVERTISER: I mean, that's all well and
13 good to talk about 12 months out but I am really looking
14 at three to six months

15 VIAMEDIA REP.: Yes.

16 PROSPECTIVE ADVERTISER: -- because that's all -- you
17 know, I mean even -- I don't know what the pricing's going
18 to be but you still might even be too much for
19 (unintelligible). So, you know --

20 VIAMEDIA REP.: Okay. So no, I understand.

21 PROSPECTIVE ADVERTISER: So, You know --

22 VIAMEDIA REP.: Well one of the things is You know,
23 especially with your type of business, a lot of people,
24 one of the things to realize is what people utilize and we

October 2, 2006

13

1 have to see -- you have to see whether or not
2 (unintelligible) cable specifically. Now cable
3 specifically is good for your business and we have to see
4 if that medium is something that you should be going into
5 with the business because people are not going to see your
6 spot and then suddenly, oh, I need to get something
7 catered.

8 PROSPECTIVE ADVERTISER: Right.

9 VIAMEDIA REP.: You know, I get a lot of people --
10 it's a branding medium. So what we need to do is come up
11 with a schedule that is going to be running over a six
12 month to a year long period of time and running a larger
13 number of units within times that your business segment is
14 not or is -- you want a fish when the fish are jumping, do
15 you know what I mean -- we have to make sure that, You
16 know like You are the expert in your business so if it's
17 seasonal, which it may or may not be, which it probably is
18 in terms of summer and spring or maybe the holidays --

19 PROSPECTIVE ADVERTISER: Right.

20 VIAMEDIA REP.: So you might want to -- you want to
21 definitely have a few spots going when there's not a high
22 season but you want to have a lot of spots going at a
23 certain number of time. The key is to keep it going and
24 to create a name so when someone thinks oh, I need to have

October 2, 2006

14

1 a caterer --

2 PROSPECTIVE ADVERTISER: I'll come to mind.

3 VIAMEDIA REP.: You'll come to mind. Like for
4 instance, I have a -- and this is just a for instance, I
5 have some clients that have bathroom redecorating and
6 they're like well we ought to do a two week test. And I'm
7 like well, I can't do a two week test for you because you
8 know, someone is not going to see your commercial and say,
9 oh, I'm going to spend \$20,000 to remodel my bathroom.

10 PROSPECTIVE ADVERTISER: Right.

11 VIAMEDIA REP.: The key is this -- the first and
12 foremost thing is this the medium and it should be
13 something that you should be branding and utilizing as an
14 addition to your other media outlets, whatever that may
15 be, whether you are going to plan doing a newspaper,
16 whether you're planning on doing Time Warner, or whether
17 you're planning on doing Cablevision but utilizing us to
18 make the phone ring tomorrow, I would suggest to you that
19 that is not what we are utilized for. We are utilized as
20 a branding campaign.

21 PROSPECTIVE ADVERTISER: Okay. No, I can appreciate
22 that.

23 VIAMEDIA REP.: Okay.

24 PROSPECTIVE ADVERTISER: And you want me to kind of

October 2, 2006

15

1 know going in that going in --

2 VIAMEDIA REP.: Absolutely.

3 PROSPECTIVE ADVERTISER: -- what the expectations
4 should be.

5 VIAMEDIA REP.: Well the funny thing is is if we can
6 discuss this after we're discussing what you need, I need
7 to have a party catered with this September.

8 (Laughter)

9 VIAMEDIA REP.: Believe it or not and I don't know
10 whether or not you're currently in a position or you might
11 know someone in Manhattan that could possibly help me. I
12 have -- you know, I don't have a big budget but I could
13 tell you a little bit more about what my needs are also,
14 but that's one of the funniest -- that's why I thought it
15 was very funny that this phone call came in today.

16 PROSPECTIVE ADVERTISER: I'll see if I can -- yes, I
17 got a -- personally I've got to check with my calendar,
18 you know?

19 VIAMEDIA REP.: That's cool. That's cool.

20 PROSPECTIVE ADVERTISER: But, yeah.

21 VIAMEDIA REP.: So what other questions -- basically
22 also one of the things basically that I want you to know
23 going on and then you can formulate some more questions
24 about what it is that you need -- what your needs are

October 2, 2006

16

1 because I want to make sure that, You know, you're moving
2 in the right direction and you're comfortable with the
3 decisions you're making to utilize cable and how you're
4 utilizing it.

5 People use cable for several different factors.
6 There's four main factors that we, you and I, control.
7 After that, it's up to the consumer, how good your
8 business is, how good your sales people are, so on and so
9 forth.

10 PROSPECTIVE ADVERTISER: Right.

11 VIAMEDIA REP.: And word of mouth. The four main
12 factors are frequency, meaning the number of times a year
13 your spot is seen, okay? Length of schedule, meaning You
14 can have -- and You have to marry those two quite closely.
15 You need -- You could have one spot an hour all day long
16 for one day and not get any business or you could have one
17 spot a day for 365 days a year. So we have to figure out
18 when, what your business cycles are --

19 PROSPECTIVE ADVERTISER: Uh-huh.

20 VIAMEDIA REP.: -- and when is the best time to
21 promote the business, what type of businesses you want to
22 promote, what types of business you want to promote in
23 terms of what your specialties are. So those are two.
24 The third thing is hyper targeting which is the main

October 2, 2006

17

1 reason why cable might be good for you. The hyper
2 targeting means You could take the individual that has a
3 household income plus of \$100,000 that live on the upper
4 east side of Manhattan, upper west side of Manhattan, in
5 Morgan County New Jersey and in Suffolk, Long Island and
6 reconnect --

7 PROSPECTIVE ADVERTISER: (unintelligible) that tight,
8 huh?

9 VIAMEDIA REP.: You can trim it down that tight. You
10 could also trim it down by if you think it's -- like I
11 don't know in terms of catering to -- is it more male
12 oriented, is it more female oriented, maybe we run, you
13 know, 50/50, some female program. Do you want to be in
14 more news program? Now that's my job to help you find out
15 which programs are going to reaching the consumer that
16 you're trying to reach. So, what I need to get from you -
17 -

18 PROSPECTIVE ADVERTISER: That's the thing.

19 VIAMEDIA REP.: Exactly. I think you to really think
20 about who it is that you're going to be selling to.

21 PROSPECTIVE ADVERTISER: Right.

22 VIAMEDIA REP.: And that is the person we can get
23 down to within a half hour and put two spots, one at the
24 top of the hour and one at the bottom of the hour and

October 2, 2006

18

1 you're still only going to be paying \$25 to \$50 for a 30
2 second spot.

3 If you wanted to do a baseball spot, for instance,
4 you know, we could predict the Yankees spot, I mean, not
5 in the playoffs but we could probably get the Yankee spots
6 for \$100 on our CN and so on and so forth. Not
7 (unintelligible) certain different restrictions that we
8 have to talk about in terms of who we insert on -- insert
9 -- what I mean by insert is we actually are able to air a
10 commercial. Because currently, Verizon FiOS does not
11 insert on any of the regional sports networks but they
12 will be doing so. But in Manhattan, we represent a
13 company that does.

14 PROSPECTIVE ADVERTISER: Oh, I see. Okay. So you
15 could get me into stuff other than Verizon FiOS based on
16 what my needs are.

17 VIAMEDIA REP.: Exactly.

18 PROSPECTIVE ADVERTISER: Okay.

19 VIAMEDIA REP.: We represent -- we not only represent
20 Verizon FiOS, PD, we also represent a -- the other cable
21 entity in Manhattan other than Time Warner, which is
22 called RCN Cable. There's a total of about 66,000
23 subscribers in and around Manhattan and Queens. We
24 represent about ten percent of what Time Warner would be.

October 2, 2006

19

1 So if people's businesses are on the island of Manhattan
2 or specifically in Queens, so I would suggest that
3 depending upon what we decide to do moving forward, we
4 would place some -- all of the stocks on RCN and within
5 the RCN footprint because that's what makes sense.

6 PROSPECTIVE ADVERTISER: Okay.

7 VIAMEDIA REP.: You know, because you're trying to
8 reach people in that area.

9 PROSPECTIVE ADVERTISER: Okay.

10 VIAMEDIA REP.: So those are the things that you need
11 to start thinking of now based on what your business is.
12 YOU have to start looking at also other advertising
13 opportunities, other advertising mediums.

14 PROSPECTIVE ADVERTISER: Right.

15 VIAMEDIA REP.: You should probably look at, you
16 know, different types of periodicals. You'll find
17 something like an AM New York to put a three-quarter page
18 ad is probably going to be about \$450 an ad.

19 PROSPECTIVE ADVERTISER: Uh-huh.

20 VIAMEDIA REP.: You know, you want to be in the New
21 York Times, you're looking at a minimum of \$17,000 for a
22 Tuesday afternoon.

23 PROSPECTIVE ADVERTISER: Yeah.

24 VIAMEDIA REP.: It is absolutely, totally

October 2, 2006

20

1 tremendously expensive. But if you have \$17,000 you want
2 to (unintelligible) ad, God bless you, you know? But
3 these are some of the things that you need to be thinking
4 of.

5 Oh, and the last thing, you have reach -- you have
6 the number of spots, you have the hyper targeting and last
7 but not least, you talked about it at the beginning of the
8 conversation, you have the message. What's your call to
9 action? What is it that you're going to show people?
10 What is it that you have them do? Are you going to have
11 them go to your website? Are you going to have them make
12 a phone call? I mean, what is it that you are going to --
13 what is your call to action?

14 Those are the things that you need to start
15 thinking of now; who your consumer is, who your customer
16 is. And then also, what are your expectations? What are
17 you looking to gain from advertising with -- advertising
18 on these people?

19 PROSPECTIVE ADVERTISER: Uh-huh.

20 VIAMEDIA REP.: And once you start really thinking
21 about all of this and digesting it, then what I can do is
22 ask you some more questions about who that individual is,
23 come up with -- You also have to obviously think about
24 budgets and finances and how much is going where, so on

October 2, 2006

21

1 and so forth. And once you really get a handle on who
2 your consumer is, whether -- what your media mix is going
3 to be, then what I would like to do is maybe sit down in
4 person and discuss what we have. I mean, I could send you
5 some maps, so on and so forth, so You know where we're at
6 and numbers. But based on what we discuss, then we could
7 create some next steps.

8 PROSPECTIVE ADVERTISER: Okay.

9 VIAMEDIA REP.: Does that sound okay?

10 PROSPECTIVE ADVERTISER: Yeah, that sounds good. I --

11 VIAMEDIA REP.: Okay.

12 PROSPECTIVE ADVERTISER: I would probably want to
13 review some of the material --

14 VIAMEDIA REP.: Absolutely.

15 PROSPECTIVE ADVERTISER: -- like what you're talking
16 (unintelligible), where you're located, you know, the maps
17 and then you were saying like the rates could be different
18 on various different networks and you could tell me like
19 who I could reach. Where you have that and that you could
20 kind of -- so I could talk it over with my partners about
21 -- you know, because different times of the year, you --
22 you're actually right on the ball. I mean, different
23 times of the year we do different kinds of things. We're
24 coming up to the holidays now, that's different from what

October 2, 2006

22

1 we might do in the wedding season.

2 VIAMEDIA REP.: Okay.

3 PROSPECTIVE ADVERTISER: In the spring, you know, and
4 summer parties and --

5 VIAMEDIA REP.: Oh, we would have separate copy also.

6 PROSPECTIVE ADVERTISER: Oh, yeah, yeah, exactly. So
7 you know, and my buddy who is doing the video production,
8 he's like telling me how we could have this -- the major
9 part of the commercial kind of standard but then --

10 VIAMEDIA REP.: That's a donut.

11 PROSPECTIVE ADVERTISER: Yes, is that what you call
12 it?

13 VIAMEDIA REP.: That's fine.

14 PROSPECTIVE ADVERTISER: A donut?

15 VIAMEDIA REP.: It's called a donut where you have a
16 2010 or you have a donut in the middle where the beginning
17 or the end where the commercial are pretty much the same.
18 So that you keep that branding feel, so people know --
19 what is the name of the business, by the way, [name of
20 prospective advertiser]?

21 PROSPECTIVE ADVERTISER: It's A Matter Of Taste.

22 VIAMEDIA REP.: It's A Matter Of Taste. I like that.

23 So people could know, It's A Matter Of Taste. So, for
24 instance, you know, Intel -- boom, boom, boom, boom.

October 2, 2006

23

1 PROSPECTIVE ADVERTISER: Yeah, right, exactly. Yeah.

2 VIAMEDIA REP.: Do you know what I mean? People know
3 what that is --

4 PROSPECTIVE ADVERTISER: Right.

5 VIAMEDIA REP.: -- by Intel. You know, it's -- I
6 always like to talk branding. If you look at the new --

7 PROSPECTIVE ADVERTISER: Yeah, that's one thing I was
8 sort of what I was thinking like it's like what do we want
9 to convey? We want to convey not just -- it's like it's a
10 total meaning. You know, it's not just like
11 (unintelligible) but we've got good taste.

12 VIAMEDIA REP.: Exactly.

13 PROSPECTIVE ADVERTISER: That's the image we're trying
14 to project. YOU know, we want to be tasteful, you know?

15 VIAMEDIA REP.: Exactly.

16 PROSPECTIVE ADVERTISER: So -- so you get it. So --
17 but yes, so I would want to get a sense because this --
18 I'm kind of like overwhelmed. You've given me an awful
19 lot of information to think about and I'm in the middle of
20 a zillion other things, too.

21 VIAMEDIA REP.: That's fine.

22 PROSPECTIVE ADVERTISER: But, you know, what I'm
23 trying to get is just a sense of what we can afford, what
24 my backers can afford, you know?

October 2, 2006

24

1 VIAMEDIA REP.: Uh-huh.

2 PROSPECTIVE ADVERTISER: Because I am not in this
3 alone.

4 VIAMEDIA REP.: Okay.

5 PROSPECTIVE ADVERTISER: And, you know, the --
6 ultimately like what the value is.

7 VIAMEDIA REP.: Uh-huh.

8 PROSPECTIVE ADVERTISER: So, yeah, if you could give
9 me some background information to start with about, you
10 know, the size of --

11 VIAMEDIA REP.: Okay.

12 PROSPECTIVE ADVERTISER: -- your subscriber base.

13 VIAMEDIA REP.: Uh-huh.

14 PROSPECTIVE ADVERTISER: How the different networks
15 line up, you know?

16 VIAMEDIA REP.: Okay.

17 PROSPECTIVE ADVERTISER: What the audiences are like.

18 VIAMEDIA REP.: The basic audience.

19 PROSPECTIVE ADVERTISER: And -- exactly.

20 VIAMEDIA REP.: I mean, it's pretty -- what I am
21 going to do is let's take one step at a time.

22 PROSPECTIVE ADVERTISER: Uh-huh.

23 VIAMEDIA REP.: Because I know that I've given you a
24 lot of information and a lot of things to talk -- to think

October 2, 2006

25

1 about.

2 PROSPECTIVE ADVERTISER: And I like things kind of --

3 VIAMEDIA REP.: I would --

4 PROSPECTIVE ADVERTISER: -- like in front of me, so I
5 can kind of like --

6 VIAMEDIA REP.: Absolutely.

7 PROSPECTIVE ADVERTISER: -- have it right in front of
8 me and look at it, so --

9 VIAMEDIA REP.: I agree with you 100 percent. My
10 direct boss who is the senior vice president of New York,
11 he's a general manager, he's very numbers oriented. I'm
12 somewhat more oriented but he can do it in his head. I
13 need to see it. So I understand exactly where you're
14 coming from.

15 I will send you a list of networks.

16 PROSPECTIVE ADVERTISER: Uh-huh.

17 VIAMEDIA REP.: Okay? I will also send you a few
18 that we have in terms of what the major -- the
19 (unintelligible) and Spike TV. If you know Spike TV, it's
20 you know, the men 18 to 24. Oxygen network -- there's
21 some networks that have -- I will see if I can find a list
22 of the networks on the left hand side and who they reach.

23 And I will see if I can get something like that. If not,
24 I could definitely put something together like that for

October 2, 2006

26

1 you.

2 PROSPECTIVE ADVERTISER: Okay.

3 VIAMEDIA REP.: So you'll have a list of the networks
4 that we do insert.

5 PROSPECTIVE ADVERTISER: Okay.

6 VIAMEDIA REP.: And then I will --

7 PROSPECTIVE ADVERTISER: I just need like because you
8 were talking about like you know, what the range is like
9 anywhere from \$25 to \$50.

10 VIAMEDIA REP.: Exactly. Well that's going to be
11 depending upon -- it won't be anything -- you know, what
12 we'll do is we'll put something together, so I will make
13 it easy for you so you'll say, you know, I am not going to
14 say prime time on CNN is \$50 and prime time on Spike TV
15 just to say is \$20. We can go that route but right now,
16 because we are growing and we are new, we have the
17 inventory so we can come up with a base rate for basically
18 any time period, any network, as long as it's not a
19 special and a Monday Night Football type of thing.

20 So, the reason why I give you that range of \$25 to
21 \$50 is you could then say -- and I will tell you now,
22 you'll probably have to run it anywhere between 300 to 500
23 units a month, in order to make it, you know -- or maybe
24 100 units a month at a couple of -- You know what I mean?

October 2, 2006

27

1 Four to six networks and that's something that we'll talk
2 about based on what your needs are and what your
3 expectations are. And what you are trying to convey.

4 PROSPECTIVE ADVERTISER: Uh-huh.

5 Q. So you know, from a budget perspective, we could
6 put something together for anywhere between, you know,
7 \$2,000 to \$5,000 -- you know, to as much as you want. YOU
8 know? So there might be some months where You run -- You
9 know, maybe we'll do something where you purchase a bank
10 of stocks, meaning you want a bank of 10,000 units that
11 you are going to run next year and you figure out, based
12 on how your season is that you want to run X amount this
13 month and X amount that month and we change it as we go
14 along based on what your needs are.

15 PROSPECTIVE ADVERTISER: Uh-huh.

16 VIAMEDIA REP.: And then what you don't use, we
17 either credit back to you or carry over; kind of like
18 minutes on a cell phone.

19 PROSPECTIVE ADVERTISER: Oh, okay.

20 VIAMEDIA REP.: You know, but I don't know what your
21 -- you know, what we need to do is we need to talk a
22 little bit more about what your needs are and whether or
23 not you do actually have the marketing budget and how much
24 of that marketing budget you are going to look to go to.

October 2, 2006

28

1 You know, because eventually I would suggest also that you
2 talk to Time Warner and Cablevision and the other cable
3 systems if cable works for you.

4 Now we are -- we're going to end up being a lot less
5 money because we're reaching a lot less people. We're
6 also reaching people specifically within the marketing
7 areas that your business is and for your marketing tool.
8 And so, for instance, if you run one spot on Time Warner,
9 you might be getting 1.2 million people but you're getting
10 people in Connecticut and you don't need it.

11 PROSPECTIVE ADVERTISER: Right.

12 VIAMEDIA REP.: Because nobody, you know --

13 PROSPECTIVE ADVERTISER: And also, you know, nobody --
14 they say what is it like 3 to 7 times you've got to see
15 something before it registers?

16 VIAMEDIA REP.: Yeah.

17 PROSPECTIVE ADVERTISER: I know that's the way I am.

18 VIAMEDIA REP.: Yes, it's --

19 PROSPECTIVE ADVERTISER: -- You know, but --

20 VIAMEDIA REP.: -- generally the way I look through.

21 I like to say it's like 8 times because what I like to do
22 is I take -- there's two metaphors that I use. I say --
23 well not metaphors, there's one thing -- people see the
24 commercial and then they watch the commercial and then

October 2, 2006

29

1 they act on the commercial. And I say, you know, people
2 see the commercial twice then they watch the commercial
3 twice and then they'll -- if there's a desire or a need
4 for it, then they'll act on it. But, you know, they'll
5 see it 8 times and then they'll -- once they need
6 catering, they'll say oh, It's A Matter Of Taste, can we
7 call those people?

8 PROSPECTIVE ADVERTISER: Uh-huh.

9 VIAMEDIA REP.: Also, within the message and this is
10 just something that will have to do with you know, your
11 video production friend, I don't know if -- do you watch
12 boxing at all?

13 PROSPECTIVE ADVERTISER: Uh, no.

14 VIAMEDIA REP.: Have you ever seen boxing?

15 PROSPECTIVE ADVERTISER: No.

16 VIAMEDIA REP.: No? Well if you watch a boxing
17 match, a boxer has three minutes -- there's three minute
18 rounds and there's one minute when the boxer goes back to
19 the corner, okay?

20 PROSPECTIVE ADVERTISER: Right.

21 VIAMEDIA REP.: And in that one minute --

22 PROSPECTIVE ADVERTISER: I've seen boxing enough for
23 that. Yeah, that I know.

24 VIAMEDIA REP.: Yeah, all right.

October 2, 2006

30

1 [Cross-talk]

2 VIAMEDIA REP.: I'm not going to (unintelligible)
3 but I wouldn't be able to tell you that either. But in
4 terms of that, imagine the commercial being the boxer and
5 when the boxer goes back to the corner, the trainer only
6 has one minute to tell that person -- to tell the boxer
7 what to do when they go back out. Now imagine the boxer
8 being the commercial and -- or not the commercial, the
9 boxer being the consumer. The consumer is out there and
10 they're getting bombarded and they're getting hit with all
11 of these messages. These messages from everywhere; the
12 internet, the billboards, taxicabs, commercials,
13 commercials, commercials, commercials. And you have 30
14 seconds to tell them what you want to tell them.

15 PROSPECTIVE ADVERTISER: Uh-huh.

16 VIAMEDIA REP.: Generally, if you watch a boxing
17 trainer, she'll only tell them three things maximum --

18 PROSPECTIVE ADVERTISER: Uh-huh.

19 VIAMEDIA REP.: -- in that 60 seconds because the
20 boxer is going to go back out there, just like the
21 customer that's going to go back out there and get
22 bombarded by more messages. So as a suggestion, I usually
23 suggest to the video production people that they say --
24 that they don't give more than three things.

October 2, 2006

31

1 PROSPECTIVE ADVERTISER: Uh-huh.

2 VIAMEDIA REP.: Because You can -- to give the person
3 to do -- to give the consumer to do. It would be the call
4 of action, your name, and your location.

5 PROSPECTIVE ADVERTISER: (unintelligible).

6 VIAMEDIA REP.: Yeah.

7 PROSPECTIVE ADVERTISER: I get what you're saying but
8 I am not even sure -- you know, I've got to see what he
9 ordered is even (unintelligible) the commercial and then,
10 you know, then I will get into that. But right now, I've
11 just got to see if the numbers --

12 VIAMEDIA REP.: (unintelligible) Okay.

13 PROSPECTIVE ADVERTISER: You know, so, you know, I
14 mean --

15 VIAMEDIA REP.: What's --

16 PROSPECTIVE ADVERTISER: This is good to, I mean,
17 give me a sense of what your subscriber base is and You
18 know, the different networks, I think that that's --
19 that's kind of where I need to start. And again --

20 VIAMEDIA REP.: Okay.

21 PROSPECTIVE ADVERTISER: I mean, I will be honest with
22 you, I am a little uncomfortable about the whole issue of,
23 you know, how many subscribers there are versus how many,
24 you know, are actually hooked up. I mean, that's --

October 2, 2006

32

1 VIAMEDIA REP.: Uh-huh.

2 PROSPECTIVE ADVERTISER: I mean, what did you say it
3 was again?

4 VIAMEDIA REP.: Well currently, as of 6/30 there were
5 60,994 in New Jersey and 53,883 in Queens.

6 PROSPECTIVE ADVERTISER: That is what? That is --

7 VIAMEDIA REP.: That is the actual, active number of
8 subscribers. There are 14,000 pending in New Jersey and
9 11,000 pending in Queens. Now that was as of 6/30. So
10 you're looking at a total number of about 104,000 active
11 and 131,000 total and 26,000 pending.

12 PROSPECTIVE ADVERTISER: Okay. And just to give me a
13 sense of perspective, who does that stack up against what
14 the other, you know, cable operators in those areas -- You
15 know, you were talking about going on Time Warner it's
16 going to be a lot more but how do you compare, how does
17 FiOS compare with its competitors of both of those areas?

18 VIAMEDIA REP.: Well in terms of the number of
19 subscribers, you're looking at -- you know, you are
20 looking at a very small percentage of the overall market.
21 However, what we need to look at is where it is
22 specifically that you're looking for. So for instance --

23 PROSPECTIVE ADVERTISER: Say Long Island -- let's go
24 east and west. Let's say Long Island and New Jersey.

October 2, 2006

33

1 VIAMEDIA REP.: We tend to be -- we tend to be --
2 within the counties where we have subscribers?

3 PROSPECTIVE ADVERTISER: Uh-huh.

4 VIAMEDIA REP.: We are no less than 15 percent or 10
5 percent of that specific county. Now we might not reach
6 all of the counties in New Jersey but you don't need to
7 reach Princeton. Do you know what I mean?

8 PROSPECTIVE ADVERTISER: Yes, okay.

9 VIAMEDIA REP.: So in Bergen County, we're in 25
10 percent of Bergen County. And I can get you a list of the
11 perspective -- what percentage we are within those
12 counties.

13 PROSPECTIVE ADVERTISER: That would be awesome because
14 then I can compare apples to apples.

15 VIAMEDIA REP.: Exactly.

16 PROSPECTIVE ADVERTISER: I mean, I get the point about
17 you've got to repeat things, so I get that and, you know,
18 I don't want to waste money on a very expensive spot to
19 reach a lot of people if it's like it never hits the
20 tipping point. Do you know what I am saying? I spend
21 like a lot of money but I don't get anyone because they
22 never heard it that one last time when it would sink in.

23 VIAMEDIA REP.: Exactly.

24 PROSPECTIVE ADVERTISER: I would rather to a -- you

October 2, 2006

34

1 know, fewer people but have, like more of an impact on
2 those that I do reach.

3 VIAMEDIA REP.: Exactly. And you want to reach the
4 people where you want to reach them.

5 PROSPECTIVE ADVERTISER: Right, so that would be very
6 helpful to send me that information.

7 VIAMEDIA REP.: Yes, if you could afford to buy more
8 spots in a smaller area because that's the area are that
9 you want to reach, it makes a lot more sense than buying
10 fewer spots in an area where you are going to reach people
11 that you don't have.

12 PROSPECTIVE ADVERTISER: That's like okay --

13 VIAMEDIA REP.: Yeah.

14 PROSPECTIVE ADVERTISER: -- when we have start picking
15 up and, you know, we start getting (unintelligible) and we
16 expand and we hire more staff, you know, that's down the
17 road. But I don't even know if I am -- I'm still on the
18 fence about it. It's a big risk going into business on my
19 own. I just --

20 VIAMEDIA REP.: Uh-huh. I understand.

21 PROSPECTIVE ADVERTISER: So it's just -- let me tell
22 you where to send this to because I've got a day -- oh, my
23 God, it's 4 o'clock. All right.

24 VIAMEDIA REP.: All right. Cool.

October 2, 2006

35

1 PROSPECTIVE ADVERTISER: Send it to me. The name is
2 [name of prospective advertiser], common spelling --

3 VIAMEDIA REP.: [name of prospective advertiser].

4 PROSPECTIVE ADVERTISER: Yes.

5 VIAMEDIA REP.: That's the owner of our company's
6 name also.

7 PROSPECTIVE ADVERTISER: Okay. No relation.

8 VIAMEDIA REP.: It's not [name of prospective
9 advertiser] but it's --

10 PROSPECTIVE ADVERTISER: I would have went straight to
11 him if I would have known.

12 VIAMEDIA REP.: Yeah, you would have (unintelligible)
13 to him instead of coming to me. Yes, go ahead. [Name of
14 prospective advertiser].

15 PROSPECTIVE ADVERTISER: P.O. Box --

16 VIAMEDIA REP.: Okay. Can I e-mail it to you or I
17 will e-mail you also?

18 PROSPECTIVE ADVERTISER: No, just send it to me in
19 print. Send it to my P.O. Box.

20 VIAMEDIA REP.: Okay.

21 PROSPECTIVE ADVERTISER: P.O. Box 1211 --

22 VIAMEDIA REP.: Uh-huh.

23 PROSPECTIVE ADVERTISER: East Elmhurst, New York.

24 VIAMEDIA REP.: Okay.

October 2, 2006

36

1 PROSPECTIVE ADVERTISER: 11370.

2 VIAMEDIA REP.: 11370. Cool. And you have all of my
3 information, right, Tom?

4 PROSPECTIVE ADVERTISER: Yes. [Name of Viamedia Rep.]
5 -- I just want to get the spelling of your last name
6 again.

7 VIAMEDIA REP.: [Name of Viamedia Rep.].

8 PROSPECTIVE ADVERTISER: Okay.

9 VIAMEDIA REP.: And if you would do me a favor and
10 give me a call back when you have some time and that way I
11 can -- I'm trying to get some -- I have about 20 to 30
12 people that are coming over the house on the 22nd -- 25 to
13 15 people, so --

14 PROSPECTIVE ADVERTISER: September 22, you said;
15 right?

16 VIAMEDIA REP.: September.

17 PROSPECTIVE ADVERTISER: So, September. And where --
18 where is it?

19 VIAMEDIA REP.: 87th and Amsterdam.

20 PROSPECTIVE ADVERTISER: So upper west side. All
21 right. Let me check that. I will let you know.

22 VIAMEDIA REP.: Yes, check your dates and Let me
23 know. And give me a call back on that also.

24 PROSPECTIVE ADVERTISER: No later than like early next

October 2, 2006

37

1 week, Monday or Tuesday.

2 VIAMEDIA REP.: Yeah, that's fine. That's absolutely
3 fine. Thanks, [name of prospective advertiser].

4 PROSPECTIVE ADVERTISER: Thanks, [name of Viamedia
5 Rep.].

6 VIAMEDIA REP.: Have a good weekend. Bye.

7 PROSPECTIVE ADVERTISER: Bye-bye.

8 [Audio concludes]

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October 2, 2006

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C E R T I F I C A T E

I, Linda Ferrara, certify that the foregoing transcript was prepared using DVD electronic transcription equipment and is a true and accurate record.

Linda Ferrara

EXHIBIT

2

		Active	Pending	Total	Active increase	Pending increase	% Active
Q2 Final	Freehold (WHO 7) Total	36,155	22,320	58,475	8.851	10,853	62%
June	Freehold (WHO 7) Total	31,752	18,716	50,468			
May	Freehold (WHO 7) Total	29,568	13,094	42,662	32%	95%	
April	Freehold (WHO 7) Total	27,304	11,467	38,771			
Q2 Final	Queens (WHO 5) Total	41,714	15,739	57,453	7.341	10,045	73%
June	Queens (WHO 5) Total	37,583	12,271	49,854			
May	Queens (WHO 5) Total	36,039	7,208	43,247	21%	176%	
April	Queens (WHO 5) Total	34,373	5,694	40,067			
Q2 Final	NY DMA	77,869	38,059	115,928	16,192	20,898	57%
June	NY DMA	69,335	30,987	100,322			
May	NY DMA	65,607	20,302	85,909	26%	122%	
April	NY DMA	61,677	17,161	78,838			

EXHIBIT

3

Verizon Fios

Subscriber Households - NY DMA

	NY				
	(LI and Upstate)	LI Only	NJ	Total NY DMA	
1/11/2007	20,685	19,810	3,783	24,468	
2/11/2007	25,099	23,348	13,967	39,066	
3/11/2007	30,571	28,073	27,739	58,310	
4/11/2007	37,018	32,103	35,018	72,036	
5/11/2007	43,247	37,542	42,662	85,909	
6/11/2007	49,854	42,768	50,468	100,322	
Current	57,480	47,860	58,475	115,955	Up 374% since January
2Q '07 PJ	47,259	43,909	20,141	67,400	
3Q '07 PJ	70,831	65,331	43,653	114,484	
4Q '07 PJ	100,548	91,798	77,155	177,703	

*Current as of 7/11/07

Note: End of 3Q DMA Projection already exceeded.

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6/11/2007	49,854	42,768	50,468	100,322	
7/11/2007	57,480	47,860	58,475	115,955	
Current*	65,711	53,920	65,724	131,435	
2Q '07 PJ	47,259	43,909	20,141	67,400	
3Q '07 PJ	70,831	65,331	43,653	114,484	
4Q '07 PJ	100,548	91,798	77,155	177,703	

Up 437% since January

*Current as of 8/11/07

Notes: 2Q DMA PJ exceeded by 49%

End of 3Q DMA PJ already exceeded by 19%.